

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE DETARIFFING OF CUSTOMER)	
PREMISES EQUIPMENT PURCHASED)	
SUBSEQUENT TO JANUARY 1, 1983)	ADMINISTRATIVE
(SECOND COMPUTER INQUIRY)	CASE NO. 257
FCC DOCKET 20828))	

O R D E R

On November 24, 1982, the Commission issued an Order to all telephone utilities subject to its jurisdiction concerning the final decision of the Federal Communications Commission ("FCC") in Docket CC 20828, Second Computer Inquiry ("Computer II"), in which the FCC ruled that all new terminal equipment purchased on and after January 1, 1983, should be detariffed and no longer subject to regulation. As part of the November 24, 1982, Order, the Commission required the telephone companies to adopt the FCC system of account revisions to comply with the Computer II decision and to file plans to maintain appropriate and separate accounts and allocations procedures.

On January 24, 1983, 13 small telephone utilities^{1/} filed their joint accounting methodology and joint expense allocation for nonregulated activities, specifically the sale and lease of new terminal equipment purchased after January 1, 1983. The Commission has reviewed these procedures and finds them to be generally appropriate. The Commission is concerned that the

proposed methodology for allocating commercial and general office salaries and expense based on the percentage of nonregulated gross revenues and regulated gross revenues may understate the proportion of these expenses to be recorded for nonregulated activities. However, the Commission is of the opinion that the alternate methodology of allocating these expenses, based on time studies, while more precise, may be prohibitively expensive to small utilities. Moreover, the joint costs to be borne by the nonregulated portion of the business are expected to be minor.

Thus, the Commission finds the proposed procedures are adequate at present to identify the expenses associated with the joint costs of detariffed terminal equipment. The Commission should therefore approve these allocation procedures subject to a review of the actual results following one year's experience. If, after this review of actual operations, the Commission is of the opinion that changes are necessary, a hearing may be conducted and the procedures modified.

IT IS THEREFORE ORDERED that the accounting and allocation procedures as proposed by the 13 telephone utilities be and they hereby are approved.

IT IS FURTHER ORDERED that each telephone utility adopting these procedures shall file with the Commission its actual results, based on these procedures, for calendar year 1983 on or before April 1, 1984.

Done at Frankfort, Kentucky, this 13th day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

FOOTNOTE

1. Ballard Rural Telephone Cooperative Corporation, Inc.
Duo County Telephone Cooperative Corporation, Inc.
Foothills Rural Telephone Cooperative Corporation, Inc.
Harold Telephone Company, Inc.
Leslie County Telephone Company, Inc.
Lewisport Telephone Company, Inc.
Logan Telephone Cooperative, Inc.
Mountain Rural Telephone Cooperative Corporation, Inc.
Peoples Rural Telephone Cooperative Corporation, Inc.
Salem Telephone Company
South Central Rural Telephone Cooperative Corporation, Inc.
Thacker-Grigsby Telephone Company, Inc.
West Kentucky Rural Telephone Cooperative Corporation, Inc.